Print report.

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Appraisal Summary - GPN: 14184-28007-00000

(141842800700000)

Property Address: 2043 SUGAR CREEK DR

Cedar Rapids, IA

Class: RESIDENTIAL

20100 CR/CR Tax District:

SCH

PDF: Res Permit Region 12

Neighborhood: SECTION 42

Plat Map: 2128

Deed Holder: SUGAR CREEK BEND

LLLP

Mailing Address:

14 W 21ST ST #3 PO

BOX 473 SPENCER IA 51301-0000

Legal Description: SUGAR CREEK 1ST LOT 36

Homestead:

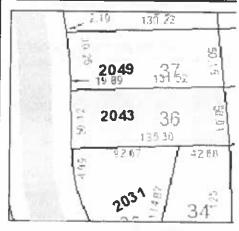
Military:

If you have recently purchased your home, please click here to apply for the Residential Homestead Tax Credit.

For dual class parcels (96) the land values are combined. The land values for these parcels will be split on the website at a later date.



<u>Additic</u>



Click map to see neighbor's summary Preview new GIS map View complete GIS map. Estimate Taxes Neighborhood map

LOT INFORMATION

Scroll down for sketch.

Disclaimer: Assessor's lot sizes are for assessment purposes only and may NOT represent actual dimensions. For more accurate, complete data refer to GIS maps, plat maps, or legal documents.

SEGMENT #1 Front

Side 1

Side 2

50

50

Rear

133

133

RESIDENTIAL DWELLING

Occupancy: Single-Family Style: 1 Story Frame

Year Built: 2011

Exterior Material: Composite Siding

Above-Grade Living Area: 1,081 SF

Number Rooms: 5 above, 0 below

Number Bedrooms: 3 above, 0 below

Basement Area Type: Full

Basement Finished Area: 95 SF

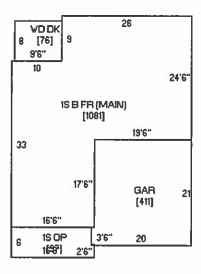
Number of Baths: 1 Full Bath; 1 Prefab St Sh Bath

Central Air: Yes

Total

\$33,971

Sketch



Tax History Pay Taxes

Disclaimer: The information in this web site represents current data from a working file which is updated continuously. Information is believed reliable, but its accuracy cannot be guaranteed. The maps and data provided by this web site, represent data from the Cedar Rapids City Assessor's Office, as used for assessment purposes. No warranty, expressed or implied, is provided for the data herein or its use.

Property photos or data incorrect? Click Here

APPRAISAL ASSOCIATES COMPANY

REAL ESTATE ANALYSTS • CONSULTANTS
3969 PARK TOWNE COURT NE, CEDAR RAPIDS, IOWA 52402-6446
TELEPHONE (319) 395-0982 • FAX (319) 395-0084
WWW.APPRAISALASSOCIATESCOMPANY.COM

May 12, 2015

Mr. Darryl High High Development 1100 Old Marion Road NE Cedar Rapids, IA 52402

Dear Mr. High:

This letter is in regards to our discussion of how rent restricted units potentially impact market values. This letter is not an opinion of value, nor speaking to one property in specific. This letter is speaking in generalities of the Cedar Rapids metro area market.

There has been a significant increase in supply of multi-family units being brought to the market in general. Many of these properties have, or will, receive subsidies to aid in the feasibility of the project. Without these incentives, the feasibility of many of these projects would be challenged. In regards to the impact on market value; units or properties with rent restrictions in place that are below market, have a negative impact on cash flows.

Thus, buyers would typically pay a lower amount for these properties, because of the lack of income generating abilities, in comparison to properties that have no rent restrictions. If these units are continued to be brought to the market, there is the potential for downward pressure in rents, both on a micro level and macro level in the market, if the supply is not absorbed at a similar pace to units being brought online. This being said, investors/buyers in the market may be more discerning on multi-family properties. This type of property is purchased for income generating abilities. The units that are considered to either have an inferior location or second tier, will likely have further downward pressure if the supply outpaces demand.

Restrictions on use can impact value. The income restrictions tend to attract a core group that owners/property mangers are trying to attract. The restrictions are making it more difficult for some properties to compete, potentially having a negative impact on cash flows, thus, potentially market value.

Please contact us if you have any questions.

Sincerely,

Jonathan K. Westercamp, Senior Analyst Iowa State General Certification #CG02701



STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED HAS BEEN GRANTED A CERTIFICATE AS A GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. CG02701

EXPIRES: 6/30/2015

WESTERCAMP, JONATHAN K APPRAISAL ASSOCIATES CO. 3969 PARK TOWNE CT NE CEDAR RAPIDS, IA 52401



STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE PROFESSIONAL LICENSING AND REGULATION

THE PERSON NAMED BELOW, HAVING MET THE REQUIREMENTS AND BEING BY GOOD STANDING IN OTHER RESPECTS, IS ISSUED A CERTIFICATE AS A GEN, REAL PROPERTY APPRAISER WESTERCAMP, JONATHAN K CERTIFICATE NO. CG02701

EXPIRES 6/30/2015

QUALIFICATIONS OF APPRAISER

Jonathan K. Westercamp 3969 Park Towne Court NE Cedar Rapids, IA 52402

Professional Designations

State of Iowa General Certified General Real Property Appraiser Certification # CG02701 Certified through June, 2015

Candidate for Designation of the Appraisal Institute

Employment History

December 1, 2000

Appraisal Associates Company

Education

1996 - High School, John F. Kennedy High School, Cedar Rapids, Iowa 2001 - Bachelor of Business Administration, University of Iowa

Seminars Attended

Regression Analysis in Appraisal Practice (10/00)
USPAP Update, 2005, 2007, 2009, 2011
Feasibility Analysis, Market Value and Investment Timing (05/02)
Vitality of the Retail Sector (11/03)
Real Estate Finance & Investment Analysis (09/04)
Current Issues & Misconceptions in Appraising (11/04)

Appraisal Course Work

2002-410 Standards of Professional Appraisal Practice, Part A,

2002- 420 Standards of Professional Appraisal Practice, Part B

2004-310 Basic Income Capitalizations

2004- Appraising from Blue Prints and Specifications

2004- Analyzing Operating Expenses

2004- Introduction to GIS Applications for Real Estate Appraisal

2004- Current Issues and Misconceptions in the Appraisal Process

2004- The Essentials- What Every Appraiser Should Know

2005- Mathematically Modeling Real Estate Data

2005- Case Study- Eminent Domain

2005- Convincing Residential Appraisals

2007- Analyzing Operating Expenses

2007- Analytics with the Site to Do Business

2007- Business Practices and Ethics

2008- Effective Appraisal Writing

2011- The Value of Communication (Report Writing)

2011- Business Practice and Ethics

2011- Introduction to Valuing Commercial Green Buildings

2011- New Technology for Real Estate Appraisers

2011- General Appraiser Report Writing and Case Studies

2012- Advanced Market Analysis and Highest & Best Use

2013- Appraising Cell Towers

2014- General Demonstration Report Writing

2014- The Discounted Cashflow Model: Concepts, Issues and Apps

2014- Advanced Concepts and Case Studies

Types of Properties Appraised

Rural, Multi-Family, Retail Service, Industrial, Subdivisions, Office Buildings and other Special Use Properties

Appraisal Reports & Studies Prepared for

Mortgage Lending, Insurance Value, Litigation, Feasibility Studies, Lease Interest, Eminent Domain, Going Concern and Fee Simple Valuation.

Types of Appraisal Clients (Partial list)

Numerous banks and financial institutions
Governmental authorities on the local, state, and federal level
Insurance companies
Corporations
Attorneys

References

David Lodge, Vice President Guaranty Bank & Trust Company 3rd Avenue & 3rd Street SE Cedar Rapids, Iowa 52406 (319) 286-6220

Dale Wirtjes, Senior Real Estate Analyst AEGON USA Realty Advisors, LLC 4333 Edgewood Rd NE MS 5444 Cedar Rapids, IA 52499 (319) 355-3932

James Miller, Appraisal Review Officer Cedar Rapids Bank & Trust 500 1st Ave NE Suite 100 Cedar Rapids, IA 52402 (319) 743-7050

Lisa Graves, Assistant Vice President; Senior Review Appraiser US Bank RETECHS 777 E Wisconsin Avenue Milwaukee, WI 53202 (414)765-4288

Paul Morf, Attorney Simmons Perrine Moyer Bergman PLC 115 3rd Street SE Suite 1200 Cedar Rapids, IA 52401 (319) 366-7641



Robert J. O'Shea

Scott M. O'Shea

1007 Longfellow Drive Hiawatha, IA 52233 319-362-3640 / 319-362-1345 fax writer's email: soshea@oshealawpc.com

May 12, 2015

Edgewood Green, LLC Attn: Darryl T. High 1100 Old Marion Road NE Cedar Rapids, Iowa 52402 HF Investments, LLC Attn: Darryl T. High 1100 Old Marion Road NE Cedar Rapids, Iowa 52402

Sugar Creek Villas, LLC Attn: Darryl T. High 1100 Old Marion Road NE Cedar Rapids, Iowa 52402

Re: Tax Assessment Petitions to Local Board of Review, Cedar Rapids, Iowa Property Owners: Edgewood Green, LLC (Riverview Place)

HF Investments, LLC (Coventry Lofts)

Sugar Creek Villas, LLC (Sugar Creek Townhomes)

Dear Darryl:

As you know, we have acted as counsel to the following entities: Edgewood Green, LLC, HF Investments, LLC and Sugar Creek Villas, LLC ("Entities"). Pursuant to our legal representation of the Entities, we have been requested to provide an opinion concerning the legality of the method used to determine the January 1, 2015 tax assessments for the properties owned by the Entities. In providing the opinion herein, we have relied on the following documents (hereinafter "Tax Assessment Documents"):

- 1. The Community Development Block Grant Disaster Recovery (CDBG-DR) Program documents for the Entities.
- 2. January 1, 2015 Linn County, Iowa Assessor's Appraisal Summary for each of the properties.
- 3. Petitions to Local Board of Review Regular Session for each of the properties.

Our firm is not authorized, nor qualified, to provide an opinion regarding the actual value of the Entities' properties for purposes of tax assessment by the Linn County, Iowa Assessor's Office. This opinion is for the purpose of providing a legal opinion as to the method an Iowa assessor should use in value real property subject to rental restrictions and tenant income limitations. Based upon our review of the Tax Assessment Documents, it is our opinion that the tax assessor should use the

productive and earning capacity from the actual rents received as a method of appraisal for the tax assessment of the Entities' properties, and shall take into account the extent to which that use and limitation reduces the market value of the property, rather than using the full fair market rental values.

Iowa Code Section 441.21(2) provides "[I]n assessing property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and which section limits the amount that the individual or family pays for the rental or lease of units in the property, the assessor shall use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property. The assessor shall not consider any tax credit equity or other subsidized financing as income provided to the property in determining the assessed value."

The Iowa Legislature, pursuant to the above-referenced Iowa Code Section, has provided the framework to be utilized by assessors as a method of appraising properties to which rental restrictions are required and enforced pursuant to government regulations. It is clear the same rational should apply to the Entities' properties due to the individual or family income restrictions and rental value limitations placed upon the Entities in renting its respective units to prospective tenants.

The City of Cedar Rapids, Iowa entered into a contract with the Iowa Department of Economic Development to administer Community Development Block Grant – Disaster Recovery (CDBG-DR) funds. Pursuant to the CDBG-DR program, each of the Entities received funds to aid in the construction, reconstruction, or improvement to properties owned and held for rent to residential tenants. As part of the CDBG-DR program, the funds provided to the Entities are administered in compliance with the HOME Investment Partnership Program ("HOME").

To that end, each of the Entities are required to provide decent affordable housing to lower-income households in compliance with CDBG-DR/HOME regulations. More specifically, under the CDBG-DR program, the Entities are to provide at least 51% of the rental units to program rental participants who meet the eligibility requirements of HOME. Each of the rental units provided to program rental participants, pursuant to the CDBG-DR/HOME requirements, are restricted to certain rental amounts, with the restricted amounts less than market rental values. The Section 8 income definition found in 24 CFR Part 5 is used to determine income levels for the program rental participants, and said income limits are then used to calculate the rent limits the Entities may market and lease the restricted units.

Pursuant to the CDBG-DR/HOME regulations and restrictions, the Entities are not able to rent 51% of their units at fair market rental values. Each year, the Entities, respectively, are required to submit records and reports to the City of Cedar Rapids to establish and maintain each of the Entities are in compliance with CDBG-DR/HOME program. Said records and reports are used to monitor each of the Entities and to ensure compliance with the program's tenant income limitation and rental restrictions. Therefore, pursuant to the CDBG-DR/HOME program restrictions, the assessor should use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property.

The foregoing opinions are based in part upon and subject to the assumptions, limitations, qualifications, and exceptions set forth below:

- 1. We are members of the bar of the State of Iowa only and do not hold ourselves out as experts on the law of any other State. Consequently, we have made no independent review of the laws of any jurisdiction other than the State of Iowa, and we express no opinion as to the laws of any jurisdiction other than the laws of the State of Iowa and the Federal laws of the United States of America.
- 2. In rendering the opinions expressed above, we advise you that we have not conducted, nor do we undertake to conduct, any independent review or investigation of, nor are we expressing any opinion concerning, the accuracy of the representations, warranties, and statements made by any of the Entities, or any government agency.
- 3. When used herein the term "knowledge" shall be limited to the actual present knowledge of the attorneys in our firm who have devoted substantive attention to the tax assessment contemplated by the Tax Assessment Documents and not the knowledge of the firm generally.
- 4. In rendering all of the opinions set forth above, we have assumed the genuineness, completeness, and authenticity of all documents submitted to us as originals and the conformity with genuine, complete, and authentic originals of all documents submitted to us as copies.
- 5. All of our opinions set forth above are based upon existing law, all of which is subject to change prospectively and retroactively. All of our opinions set forth above are based on the facts and the Tax Assessment Documents as they exist on the date of this letter, and we undertake no obligation to update such opinions as to future changes of law or fact.
- 6. This opinion letter is limited to the matters stated in it and no opinion is to be implied or inferred beyond the matters expressly stated in it.

This opinion has been rendered solely for the benefit of Edgewood Green, LLC, HF Investments, LLC, and Sugar Creek Villas, LLC for the purpose of the respective entities' tax assessment appeals, and may not be used, circulated, quoted, relied upon, or otherwise referred to for any other purpose without our prior written consent, nor may it be relied upon by any other party without our prior written consent: <u>provided, however, and subject to the foregoing sentence</u>, this opinion may be delivered to your regulators, accountants, attorneys, and other professional advisers and may be used in connection with any legal or regulatory proceeding relating to the subject matter of this opinion.

Respectfully yours,

Scott M. O'Shea